The Impact of Macro-Economic Factors for Increasing of Bank’s Non-Performing Asset

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Abstract

The economy has always played a versatile role to module the shape of a country’s financial soundness. The international scenario has been depicted the loop holes of under estimating the exposure of macro-economic risk in finance segment. As we have experienced the housing bubble crises, which had created havoc throughout the world in the year 2007-08 in the international banking sector and the embarrassing situation still spread away its chaos fragrance in every financial institution over the world. Managing of risk in banks almost was a prelude in international level. The research that we have done is in a macroeconomic level, which is wider extent to render a true cause of hike of Non-Performing Assets in Indian banking sector. The research has made up with macroeconomic variable such as GDP, Exchange Rate, Inflation, Industrial Production Index etc. and NPA of commercial banks in India. The multiple regression models are used to procure adequate results.